

105TH CONGRESS
1ST SESSION

S. 548

To expand the availability and affordability of quality child care through the offering of incentives to businesses to support child care activities.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 1997

Mr. ROBERTS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To expand the availability and affordability of quality child care through the offering of incentives to businesses to support child care activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Care Expansion
5 Act”.

6 **TITLE I—GENERAL EXPANSION**
7 **OF ACTIVITIES**

8 **SEC. 101. SMALL BUSINESS CHILD CARE GRANT PROGRAM.**

9 (a) ESTABLISHMENT.—The Secretary of Health and
10 Human Services (hereafter referred to in this section as

1 the “Secretary”) shall establish a program to award
 2 grants to States to assist States in providing funds to en-
 3 courage the establishment and operation of employer oper-
 4 ated child care programs.

5 (b) APPLICATION.—To be eligible to receive a grant
 6 under this section, a State shall prepare and submit to
 7 the Secretary an application at such time, in such manner,
 8 and containing such information as the Secretary may re-
 9 quire, including an assurance that the State will provide
 10 the funds required under subsection (e).

11 (c) AMOUNT OF GRANT.—The Secretary shall deter-
 12 mine the amount of a grant to a State under this section
 13 based on the population of the State as compared to the
 14 population of all States.

15 (d) USE OF FUNDS.—

16 (1) IN GENERAL.—A State shall use amounts
 17 provided under a grant awarded under this section
 18 to provide assistance to small businesses located in
 19 the State to enable such small businesses to estab-
 20 lish and operate child care programs. Such assist-
 21 ance may include—

22 (A) technical assistance in the establish-
 23 ment of a child care program;

24 (B) assistance for the start-up costs relat-
 25 ed to a child care programs;

1 (C) assistance for the training of child care
2 providers;

3 (D) scholarships for low-income wage earn-
4 ers;

5 (E) the provision of services to care for
6 sick children or to provide care to school aged
7 children;

8 (F) the entering into of contracts with
9 local resource and referral or local health de-
10 partments;

11 (G) assistance for any other activity deter-
12 mined appropriate by the State; or

13 (H) care for children with disabilities.

14 (2) APPLICATION.—To be eligible to receive as-
15 sistance from a State under this section, a small
16 business shall prepare and submit to the State an
17 application at such time, in such manner, and con-
18 taining such information as the State may require.

19 (3) PREFERENCE.—

20 (A) IN GENERAL.—In providing assistance
21 under this section, a State shall give priority to
22 applicants that desire to form consortium to
23 provide child care in geographic areas within
24 the State where such care is not generally avail-
25 able or accessible.

1 (B) CONSORTIUM.—For purposes of sub-
 2 paragraph (A), a consortium shall be made up
 3 of 2 or more entities which may include busi-
 4 nesses, nonprofit agencies or organizations,
 5 local governments, or other appropriate entities.

6 (4) LIMITATION.—With respect to grant funds
 7 received under this section, a State may not provide
 8 in excess of \$50,000 in assistance from such funds
 9 to any single applicant. A State may not provide as-
 10 sistance under a grant to more than 10 entities.

11 (e) MATCHING REQUIREMENT.—To be eligible to re-
 12 ceive a grant under this section a State shall provide as-
 13 surances to the Secretary that, with respect to the costs
 14 to be incurred by an entity receiving assistance in carrying
 15 out activities under this section, such entity will make
 16 available (directly or through donations from public or pri-
 17 vate entities) non-Federal contributions to such costs in
 18 an amount equal to—

19 (1) for the first fiscal year in which the entity
 20 receives such assistance, not less than 25 percent of
 21 such costs (\$1 for each \$3 of assistance provided to
 22 the entity under the grant);

23 (2) for the second fiscal year in which an entity
 24 receives such assistance, not less than $33\frac{1}{3}$ percent

1 of such costs (\$1 for each \$2 of assistance provided
2 to the entity under the grant); and

3 (3) for the third fiscal year in which an entity
4 receives such assistance, not less than 50 percent of
5 such costs (\$1 for each \$1 of assistance provided to
6 the entity under the grant).

7 (f) REQUIREMENTS OF PROVIDERS.—To be eligible
8 to receive assistance under a grant awarded under this
9 section a child care provider shall comply with all applica-
10 ble State and local licensing and regulatory requirements
11 and all applicable health and safety standards in effect
12 in the State.

13 (g) ADMINISTRATION.—

14 (1) STATE RESPONSIBILITY.—A State shall
15 have responsibility for administering the grant
16 awarded under this section and for monitoring enti-
17 ties that receive assistance under such grant.

18 (2) AUDITS.—A State shall require that each
19 entity receiving assistance under a grant awarded
20 under this section conduct of an annual audit with
21 respect to the activities of the entity. Such audits
22 shall be submitted to the State.

23 (3) MISUSE OF FUNDS.—

24 (A) REPAYMENT.—If the State determines,
25 through an audit or otherwise, that an entity

1 receiving assistance under a grant awarded
 2 under this section has misused such assistance,
 3 the State shall notify the Secretary of such mis-
 4 uses. The Secretary, upon such a notification,
 5 may seek from such an entity the repayment of
 6 an amount equal to the amount of any misused
 7 assistance plus interest.

8 (B) APPEALS PROCESS.—The Secretary
 9 shall by regulation provide for an appeals proc-
 10 ess with respect to repayments under this para-
 11 graph.

12 (h) REPORTING REQUIREMENT.—

13 (1) STUDY.—Not later than 2 years after the
 14 date on which the Secretary first provides grants
 15 under this section, the Secretary shall conduct a
 16 study to determine—

17 (A) the capacity of entities to meet the
 18 child care needs of communities within a State;

19 (B) the kinds of partnerships that are
 20 being formed with respect to child care at the
 21 local level; and

22 (C) who is using the programs funded
 23 under this section and the income levels of such
 24 individuals.

(2) REPORT.—Not later than 28 months after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress, a report concerning the effectiveness of the grant programs under this section.

(i) DEFINITION.—As used in this section, the term “small business” means an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year.

10 (j) AUTHORIZATION OF APPROPRIATIONS.—There is
11 authorized to be appropriated to carry out this section,
12 \$25,000,000 for each of the fiscal years 1998 through
13 2000.

(k) **TERMINATION OF PROGRAM.**—The program es-
tablished under subsection (a) shall terminate on Septem-
ber 30, 2001.

17 SEC. 102. PROJECTS FOR CHILD CARE BY OLDER INDIVID-
18 UALS.

19 (a) COMMUNITY SERVICE EMPLOYMENT PRO-
20 GRAM.—Section 502 of the Older Americans Act of 1965
21 (42 U.S.C. 3056) is amended by adding at the end the
22 following:

23 “(f) In carrying out this title, the Secretary, and any
24 entity entering into an agreement under this title, shall
25 take necessary steps, including the development of special

1 projects, where appropriate, to encourage the fullest par-
 2 ticipation of eligible individuals (including eligible individ-
 3 uals described in subsection (e), as appropriate), in
 4 projects to provide child care under this title. Such child
 5 care projects shall, to the extent practicable, be carried
 6 out in communities with child care shortages, as deter-
 7 mined by the appropriate State agency designated under
 8 section 658D(a) of the Child Care and Development Block
 9 Grant Act of 1990 (42 U.S.C. 9858b(a)).”.

10 (b) DOMESTIC VOLUNTEER SERVICE ACT.—Title IV
 11 of the Domestic Volunteer Service Act of 1973 (42 U.S.C.
 12 5043 et seq.) is amended by adding at the end the follow-
 13 ing:

14 **“SEC. 427. PARTICIPATION IN PROJECT TO PROVIDE CHILD**
 15 **CARE.**

16 “(a) IN GENERAL.—In carrying out this Act, the Di-
 17 rector, and any recipient of a grant or contract under this
 18 Act, shall take necessary steps, including the development
 19 of special projects, where appropriate, to encourage the
 20 fullest participation of individuals 55 and older, in projects
 21 to provide child care under this Act. Such child care
 22 projects shall, to the extent practicable, be carried out in
 23 communities with child care shortages, as determined by
 24 the appropriate State agency designated under section

1 658D(a) of the Child Care and Development Block Grant
 2 Act of 1990 (42 U.S.C. 9858b(a)).

3 “(b) FUNDING OF PROJECTS.—The Director may,
 4 using amounts available for experimental projects under
 5 section 502(e), provide for the development of special
 6 projects under subsection (a).”.

7 **TITLE II—TAX INCENTIVES FOR** 8 **DEPENDENT CARE**

9 **SEC. 201. EXPANSION OF CHILD AND DEPENDENT CARE** 10 **CREDIT.**

11 (a) INCREASE IN CREDIT PERCENTAGE FOR LOW
 12 AND MIDDLE INCOME WORKERS.—Section 21(a)(2) of the
 13 Internal Revenue Code of 1986 (relating to credit for ex-
 14 penses for household and dependent care services nec-
 15 essary for gainful employment) is amended to read as fol-
 16 lows:

17 “(2) APPLICABLE PERCENTAGE DEFINED.—For
 18 purposes of paragraph (1), the term ‘applicable per-
 19 centage’ means 30 percent reduced (but not below
 20 20 percent) by 1 percentage point for each \$2,000
 21 (or fraction thereof) by which the taxpayer’s ad-
 22 justed gross income exceeds \$20,000.”

23 (b) INCREASE IN MAXIMUM AMOUNT CREDITABLE.—
 24 Section 21(c) of the Internal Revenue Code of 1986 (relat-
 25 ing to dollar limit on amount creditable) is amended—

1 (1) by striking “\$2,400” in paragraph (1) and
 2 inserting “\$3,600”, and

3 (2) by striking “\$4,800” in paragraph (2) and
 4 inserting “\$5,400”.

5 (c) PHASE-OUT OF CREDIT FOR HIGHER INCOME
 6 TAXPAYERS.—

7 (1) IN GENERAL.—Section 21(c) of the Internal
 8 Revenue Code of 1986 (relating to dollar limit on
 9 amount creditable) is amended by adding at the end
 10 the following new paragraph:

11 “(2) PHASEOUT OF CREDIT.—

12 “(A) IN GENERAL.—The amount of the
 13 credit allowed under subsection (a) shall be re-
 14 duced (but not below zero) by the amount de-
 15 termined under subparagraph (B).

16 “(B) AMOUNT OF REDUCTION.—The
 17 amount determined under this paragraph
 18 equals the amount which bears the same ratio
 19 to the credit (determined without regard to this
 20 subsection) as—

21 “(i) the excess of—

22 “(I) the taxpayer’s adjusted
 23 gross income for such taxable year,
 24 over

1 “(II) the threshold amount, bears
2 to
3 “(ii) \$10,000.

4 Any amount determined under this subpara-
5 graph which is not a multiple of \$10 shall be
6 rounded to the next lowest \$10.

7 “(C) THRESHOLD AMOUNT.—For purposes
8 of this paragraph, the term ‘threshold amount’
9 means—

10 “(i) \$90,000 in the case of a joint re-
11 turn,

12 “(ii) \$65,000 in the case of an indi-
13 vidual who is not married, and

14 “(iii) \$45,000 in the case of a married
15 individual filing a separate return.

16 For purposes of this subparagraph, marital sta-
17 tus shall be determined under section 7703.

18 “(D) ADJUSTED GROSS INCOME.—For
19 purposes of this paragraph, adjusted gross in-
20 come of any taxpayer shall be increased by any
21 amount excluded from gross income under sec-
22 tion 911, 931, or 933.”

23 (2) CONFORMING AMENDMENTS.—Section 21(c)
24 of such Code is amended—

1 (A) by striking “(c) DOLLAR LIMIT ON
2 AMOUNT CREDITABLE.—The” and inserting:

3 “(c) LIMITATIONS.—

4 “(1) DOLLAR LIMIT.—The”,

5 (B) by redesignating paragraphs (1) and
6 (2) as subparagraphs (A) and (B), respectively,
7 and

8 (C) by striking “paragraph (1) or (2)” in
9 the last sentence and inserting “subparagraph
10 (A) or (B)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section apply to taxable years beginning after Decem-
13 ber 31, 1997.

14 **SEC. 202. EXPANSION OF HOME OFFICE DEDUCTION TO IN-**
15 **CLUDE USE OF OFFICE FOR DEPENDENT**
16 **CARE.**

17 (a) IN GENERAL.—Section 280A(c)(1) of the Inter-
18 nal Revenue Code of 1986 (relating to certain business
19 use) is amended by adding at the end the following: “A
20 portion of a dwelling unit and the exclusive use of such
21 portion otherwise described in this paragraph shall not fail
22 to be so described if such portion is also used by the tax-
23 payer during such exclusive use to care for a dependent
24 of the taxpayer.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section applies to taxable years beginning after De-
3 cember 31, 1997.

○